



Iowa Department of Human Services

Mental Health & Disability Services Redesign Medicaid Offset

March 3, 2014



Equalization

- SFY14 equalization is \$29,820,478
- Per capita approach to county funding with an effective \$47.28 per capita
 - 54 counties received equalization
 - 45 counties reduced their levy



Equalization Pros & Cons

- Pros
 - Supports level per capita funding going into regionalization
 - Increases funding in some counties w/out increasing taxes
 - Decreases taxes in some counties
 - Simplifies administrative and funding processes
- Cons
 - Some counties do not directly receive general funds
 - Funding is not matched to true need
 - Reduces county discretion



Medicaid Offset – High-level process

- Department shall adopt rules
 - In consultation with the County Finance Committee
 - Specifying information to be used
- Crosswalk IHAWP benefits with county-based services (based on codes in county system)
- Pull claims data based on these benefits/services
- Total claims paid through IHAWP for these services = offset



Medicaid Offset - Considerations

- Services are not consistent across counties
- Difficult to identify “would have been paid from a county’s [MHDS] services fund”
- Recording of county of residence in MMIS or by Marketplace Choice Plans
- IHAWP members moving mid-year
- Reimbursement variations (i.e., what counties would have reimbursed providers vs. what IHAWP or plans reimburse – variances both ways)
- Variations in enrollment uptake across counties



Medicaid Offset – Critical dates

- Base period for establishing offset is January 1, 2014 through June 30, 2014
- first Medicaid offset amounts certified by the director and submitted to legislature and governor by October 15, 2014 (in SFY15)
- for counties that receive equalization payments, first offset obligation to be paid from their equalization funds is due by January 1, 2015 (SFY15)
- to the extent a county is required to reduce their property tax levy as a result of their offset obligation, first reduction in levy will occur in SFY16

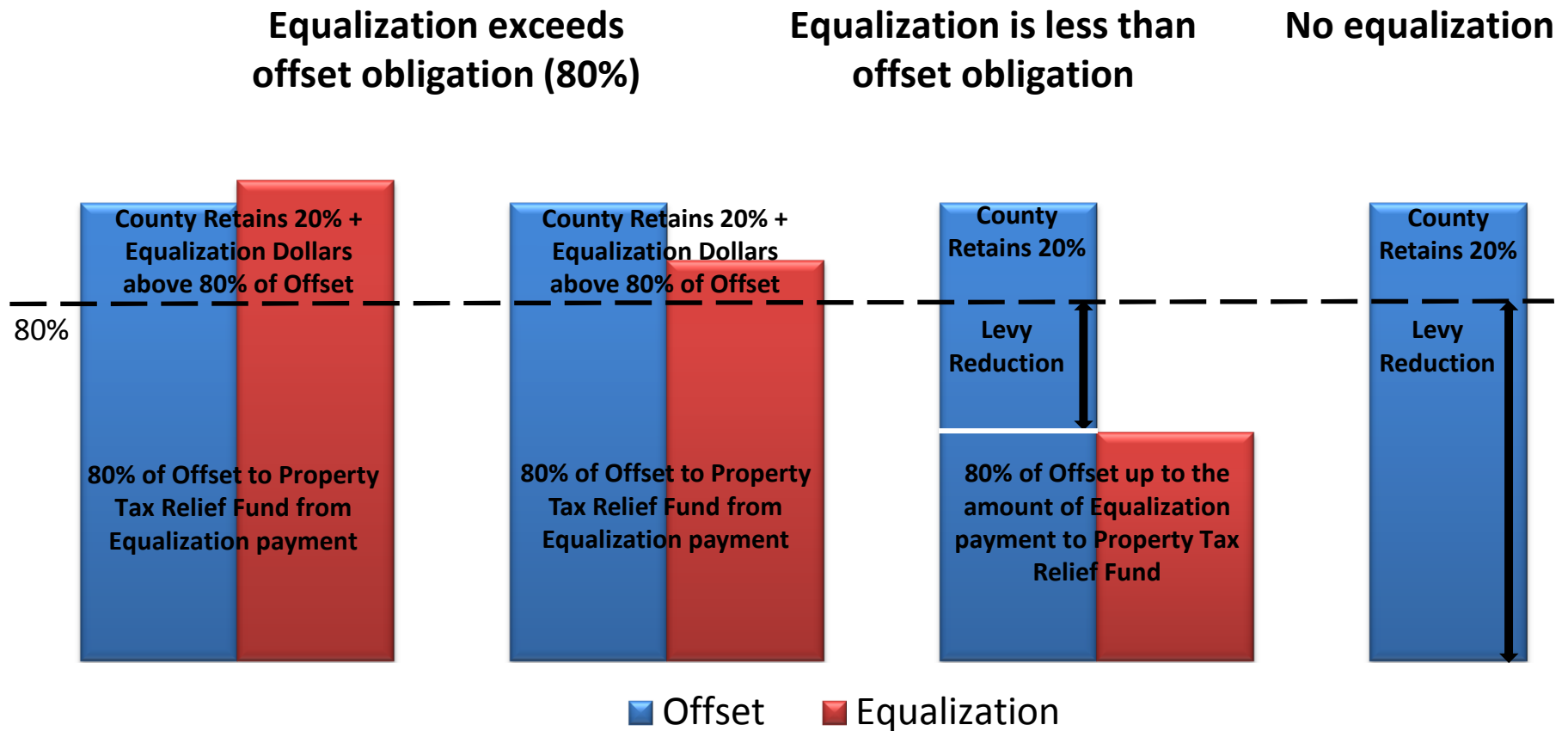


Medicaid Offset – IHAWP savings

- Counties retain 100% of IHAWP savings in SFY14 (6 months)
- Counties that do not receive equalization retain 100% of IHAWP savings in SFY15
- Counties that do receive equalization effectively retain a minimum of 20% of IHAWP savings in SFY15
 - The offset obligation (up to 80% of total offset) is returned from the county's equalization payment by January 1, 2015 (SFY15)
- Counties effectively retain 20% of savings in SFY16 and forward

Senate File 446 - Medicaid Offset

Conceptual Illustration of Intent

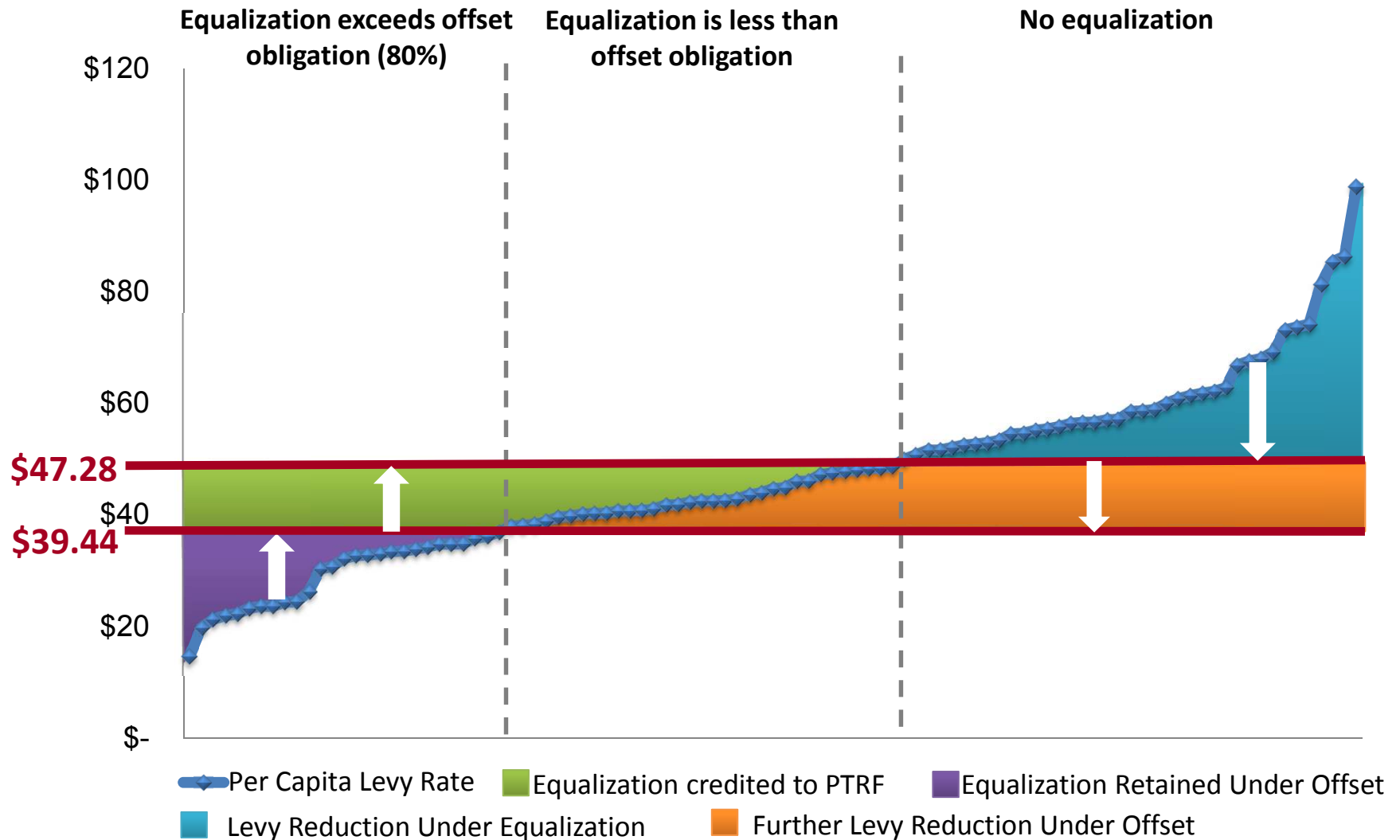




Medicaid Offset – Distribution options

- Per capita distribution of offset
 - Preserves the intent and benefits of equalization
- Distribution based on county-by-county claims data
 - Recognizes variation in county demographics that impact eligibility and enrollment

County Levy Rates & per capita Medicaid offset





Medicaid Offset – Estimated impact (per capita)

- \$30M in IHAWP benefit (savings to counties)
 - Effect is a \$39.44 per capita levy
 - 31 counties have a maximum levy below \$39.44
 - \$14.9M in equalization is retained by counties
 - \$14.9M credited to Property Tax Relief Fund
 - Levy's are reduced (offset) \$9.1M



Medicaid Offset – Estimated impact (per capita)

- \$60M in IHAWP benefit (savings to counties)
 - Effect is a \$31.61 per capita levy
 - 13 counties have a maximum levy below \$31.61
 - \$5.2M in equalization is retained by counties
 - \$24.6M credited to Property Tax Relief Fund
 - Levy's are reduced (offset) \$23.4M



Moving forward

- Existing sources of funds
 - Increasing cash balances
 - IHAWP benefit (savings to counties)
 - Offset credited to Property Tax Relief Fund
 - Impact of enrolling those previously eligible for Medicaid but not enrolled



Moving forward

- Potential uses of funds
 - Waitlists
 - Ensuring core services
 - Core plus
 - Crisis
 - Should avoid new populations and/or increased eligibility until above are satisfied